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**REPORT**

OF THE

**Baroda Land Mortgage Bank Committee**

1924-1925

VOLUME I

(The Report)

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Printed at the Baroda State Press

1928.

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# Table of Contents.

## VOLUME I.

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### PART I.

#### THE PROBLEM.

CHAPTER.	PAGE.
I. RELIEF OF AGRICULTURAL INDEBTEDNESS IN THE STATE ... ..	7
The 1901 Census of the Debts of the People—Taluka Economic Committees—Mr. Samarth's proposals—Mr. Nanavati's Report on Agricultural Indebtedness in the State—The Land Mortgage Bank Scheme of 1916—Datar Committee's Recommendations—The Present Committee.	
II. THE PROBLEM BEFORE GOVERNMENT.	15
A. GENERAL AGRICULTURAL INDEBTEDNESS ...	15
The amount of people's debt in 1901—Estimated debts in 1912—In 1918-19—Is the Agricultural Industry insolvent—Transfer of land from agriculturists to non-agriculturists—Statement dealing with these figures—Implications of the transfer figures—Figures for mortgages—Scope for a Land Mortgage Bank—The Saokars to be replaced by a more business-like institution.	

CHAPTER.	PAGE.
B. INDEBTEDNESS AMONG THE MEMBERS OF THE CO-OPERATIVE CREDIT SOCIETIES ...	26
<p>Vicious circle of going from Society to Saokar and vice-versa—Societies cannot remedy this evil—Indebtedness of the members of Societies—Thirty to forty lakhs needed.</p>	
C. AGRICULTURAL IMPROVEMENTS ...	31
<p>Tagavi grants—Greater facilities needed—The increasing need for labour-saving machinery—Scope for oil engines and pumps—Artesian wells and bunding of streams—Tractors and other power machinery—Loans for raising live-stock—Long-term loans for consolidation of small holdings—Loans for Kaliparaj farmers.</p>	
D. LOANS TO LOCAL BODIES FOR IMPROVEMENTS.	40
<p>Panchayats and works of agricultural utility—Agricultural market roads—Other works—These cannot be undertaken from revenue—Loans against the security of general revenues.</p>	

---

## PART II.

### LAND MORTGAGE BANKING.

III. LONG-TERM AGRICULTURAL FINANCE...	47
A. SYSTEMS OF LONG-TERM BANKING IN FOREIGN COUNTRIES ...	47
<p>The two types of agricultural banks—The Land Schaften or the Land Mortgage Credit Associations of Germany—Land Mortgage Banking in Hungary—Credit Foncier de</p>	

CHAPTER.	PAGE.
France—Farm Loan System in—U. S. A.— The Agricultural Bank of Egypt.	
B. LAND MORTGAGE BANKING IN INDIA ...	76
<p style="padding-left: 40px;">Baroda Government first in the field— The scheme of the Committee in the Bom- bay Presidency—The scheme of the Burma Government—Work at Jhang in the Punjab—The scheme in Madras—Re- commendations of the Mysore Committee on Co-operation.</p>	
IV. UNSUITABILITY OF THE EXISTING INSTI- TUTIONS IN THE STATE FOR LAND MORT- GAGE BANKING ... ..	88

Should long-term loans be given to members of primary societies—Such restrictions would restrict ninety per cent of the agriculturists—Societies unsuitable for land mortgage banking work on theoretical grounds—Practical reasons for not giving them this work—Impossible to combine the work of long-term and short-term credit—Committee not alone in taking this view—Existing co-operative banks, banking unions and the khetiwadi pedhis cannot do this work—Committee's reasons for this belief—The failure of these institutions to do this work according to the provisional scheme of 1918.

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## PART III.

CHAPTER.	RECOMMENDATIONS OF THE COMMITTEE.	PAGE.
V.	A LAND MORTGAGE BANK FOR BARODA.	111

A.	EXAMINATION OF THE VARIOUS TYPES DESCRIBED	... 111
----	--------------------------------------------	---------

State-owned and State-managed institutions unsuitable—Joint-stock capitalist bank equally unsuitable—The philanthropic type criticised—The American type providing devolution of powers to borrowers preferable—The bank to be organised on co-operative principles—The scheme of 1916.

B.	CONSTITUTION AND CONCESSIONS	... 118
----	------------------------------	---------

Government share capital to be gradually replaced by that of borrowers—Reserve liability—Board of Trustees—The Board of Directors—Its functions—Taluka land mortgage associations—Their functions—Liability of the borrowers, the shareholders, the associations, the bank and the Government—Concessions—A separate Land Mortgage Bank Act—One bank or more.

VI.	MANAGEMENT OF THE BANK ...	... 133
-----	----------------------------	---------

Loans for productive and unproductive purposes—Minimum and maximum amounts and periods for loans—Valuation proceedings—Land tax as the basis of valuation—The examination of the title to the mortgaged property—Special powers for the bank in this connection—The difference between the rates of interest on bonds and loans—

CHAPTER.	PAGE.
Amortization plan of repayment explained Leniency in exacting repayment instal- ments—The limits to such leniency—The issue of bonds—Limit to the issue of bonds—Power to withdraw bonds from circulation before due date—Premium bonds—Disposal of profits—Conclusion.	
Minute of Dissent by Mr. Sevklal Parikh .. ..	158
A Summary of Recommendations ... ..	159

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# Baroda Land Mortgage Bank Committee.

1924-25.

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## INTRODUCTION.

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1. His Highness the Maharaja Saheb was pleased to order from Paris on the 25th September 1924, both by cable and a letter, to the effect that a committee should be appointed with Mr. Manilal B. Nanavati as President and Dr. Pagar and some other gentlemen as members to study the question of the redemption of agricultural indebtedness in the State, as has been done in Egypt, by the promotion of Government or semi-Government banks like the Agricultural Bank of Egypt, and in France by the establishment of Credit Foncier, and to report whether it would be practicable and useful to start such institutions in Baroda. His Highness the Maharaja Saheb also directed that the report might be placed before the Dhara Sabha for suggestions. Accordingly, His Excellency the Dewan Saheb under his order No. H. C. J. S. 2/2, dated the 27th of September 1924, appointed the present committee.

2. This order recognises the seasonal as well as the long-term financial needs of the farmers for permanent agricultural improvements. There are banking facilities available for the merchants but most of the joint-stock banks are not allowed by rules to grant loans on the security of land. The order further states that this question has engaged the attention of His Highness the Maharaja Saheb for the last ten years. The scheme of the Commerce and Industry Department submitted in 1916 had to be shelved owing to the unfavourable conditions of the money market and the negotiations with the Bank of Baroda authorities had not materialised into any practicable scheme of credit facilities for the farmers. After describing the modest beginning made by the State through

the agency of the existing co-operative financing institutions, the order mentions the successful organisation of the land mortgage banking work in Egypt, Germany and other countries of Europe. The order next refers to the desire of His Highness the Maharaja Saheb to have this question thoroughly examined from all points of view and directs the committee to consult the Baroda Bank officers, State officers, Sahukars and the agriculturists, if necessary. The committee appointed was to consist of:—

1. Manilal B. Nanavati, Esquire, *President*,
2. Maganlal H. Kantavala, Esquire,
3. Sevaklal D. Parikh, Esquire,
4. Dr. Shankerrao M. Pagar,
5. Ramchandra S. Mane Patil, Esquire,
6. Varajbhai Vaghjibhai, Esquire.

The text of the order is given as Appendix I.

3. The committee at its first meeting held at Baroda on the 11th October 1924 drafted a short questionnaire, copies of which were sent to most of the co-operative societies in the State and non-officials interested in agricultural finance and co-operation. Looking to the nature of the problem, which is technical and which has not been studied in a scientific manner in this country, and considering the general ignorance on the working of such credit institutions, it was found advisable not to issue detailed questionnaire on the subject. The committee, therefore, decided to confine the inquiry to finding out whether the time had come for creating special long-term credit facilities and if so, how to do this both for the members of the co-operative societies and the individual farmers. The questionnaire is given in Appendix II.

4. After the receipt of replies, the sessions of the committee were held at all the headquarters of the districts, *viz.*, Baroda (7), Mehsana (1), Amreli (1), Naysari (1), and

also at Kosamba (1). Altogether 72 persons had sent written statements, of whom it was found necessary to examine only 21 and 11 more were invited for oral evidence even though they had not sent in written statements.

5. Owing to the technical nature of the inquiry and the lack of information amongst the general public on the subject, we have considered it advisable to give some important facts concerning the systems in operations in various countries of Europe and America and also in Egypt and the lines on which similar institutions are being proposed to be undertaken in some parts of India. On the other hand, as the consideration and discussion of this problem by this committee is not in the nature of a new and independent inquiry but a logical and historical development of all that has been done in the past by His Highness the Maharaja Saheb and His Highness' Government, we have found it equally necessary to take a review of the history of this inquiry in the State during the last twenty-five years. This report will thus be divided into three main sections:—

Report divided in three parts.

### 1. The Problem.

A. A statement on the history of the problem in the State at various stages and the steps taken by the State in the past.

#### B. Indebtedness:—

(a) A statement of the problem before the Government with regard to agricultural indebtedness in general and that in connection with the co-operative movement in particular.

(b) Agricultural improvements and the financing of the Panchayats for undertaking works of general agricultural utility.

2. Land Mortgage Banking.
    - A. A review of some of the systems of long term agricultural credit in foreign countries.
    - B. Suggestions made for similar experiments at some places in India.
    - C. An examination of the existing institutions in the State with regard to their suitability for land mortgage banking work.
  3. Recommendations of the Committee.
    - A. An examination of the earlier scheme for a land mortgage bank of 1916, in the light of the principles established by us.
    - B. The scheme prepared by the committee.
  6. In the preparation of this report, we have fully drawn upon the literature available on the subject specially collected by us for the purpose and upon various Government publications for which no special acknowledgment has been made in the body of the report. However, a list of the important books of reference on the subject and Government publications is given in Appendix III.
 

No acknowledgment for reference.
  7. Before we conclude these introductory remarks, we place on record our appreciation of the excellent work done by the Secretary, Mr. T. M. Desai, in the collation of materials for the report and also in its preparation.
 

Appreciation of Secretary's work.
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